

**SUDAN UNIVERSITY FOR SCIENCE
AND TECHNOLOGY
COLLEGE OF HIGHER EDUCATION**

**WHAT SHOULD BE THE EXCHANGE
RATE POLICY REGIME FOR SUDAN?**

*A complementary Research in Partial Fulfillment
of the Requirements for Degree of Master in
Banking Studies*

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DEDICATION

To those I learned from and those I will learn from

To those who will learn what I Didn't learn

To those who will teach what I learned

And will follow the trace

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TABLE OF CONTENTS

Dedication	ii
Acknowledgements	iii
Table of contents.....	iv
Abstract in English	vi
Abstract in Arabic.....	vii

1. CHAPTER I

THE STATEMENT OF THE PROBLEM AND THE HYPOTHESIS

1.0 Introduction.....	1
1.1 The contribution of the study.....	3
1.2 The statement of problem.....	3
1.3 The objectives of the study.....	4
1.4 The hypotheses of the study.....	5
1.5 The methodology of the study.....	5
1.6 The scope & limitation of the study.	5
1.7 The sources of data.....	6
1.8The organization of the study.....	6

2. CHAPTER II

LITERATURE REVIEW

2.0 Set the literature review.....	7
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3. CHAPTER III

Exchange Rate Regimes: Historical perspective

3.0 INTRODUCTION.....	15
-----------------------	----

3.1 Purchasing Power Parity.....	15
3.2 Alternative Exchange Rate Regimes.....	17
3.3 Exchange rate system.....	17
3.3.1 Fixed exchange rate system.....	18
3.3.2 Soft peg versus hard peg exchange rate.....	18
3.3.3 Adjustable Pegged Rates.....	19
3.3.4 Floating Exchange Rates.....	20
3.3.4.1 Free Floating.....	22
3.3.4.2 Managed Floating Exchange Rate.....	22
3.4 Fixed versus Floating Exchange Rates.....	23
3.4.1 The Case for Floating Rates.....	23
3.4.2 The Case for Fixed Exchange Rates.....	26

4. CHAPTER IV

The Stability of the Exchange Rate In Sudan (1980-2003)

4. Introduction.....	30
4.1 Exchange rate policies adopted in Sudan 1957-2003.....	30
4.2 Integration and Co-integration Test.....	37
4.3 The Exchange rate stability in Sudan.....	39

5. CHAPTER V

Finding AND Recommendations

Finding and conclusion.....	43
Recommendations	46
BIBLIOGRAPHY	
BIBLIOGRAPHY.....	48

Abstract

Sudan as most of developing country characterizes by instable and continuous restructure in economic policies due to vulnerable basis of its infrastructures and inefficient uses of available resources. These conditions reflected in monetary policy as one of the macroeconomic tools.

The study examines the exchange rate policies in Sudan trying to answer the question what is the appropriate exchange rate policy that Sudan can adopt by the authorities to stabilize the exchange rate in the country.

The important hypothesis of the study is that the fluctuations in exchange rate is due to the instability of monetary policies, and the persistent deficit in the balance of payments.

However, the study applied time series methodology through modern statistical test such as integration and co-integration test for data and time series regression models to examine the alternative exchange rate policy regimes & its impact to the exchange rate and the suitable one for Sudan.

To give a complete picture exchange rate should be explained and examined in relation to combination of domestic and foreign macroeconomic variables. If the Sudanese exchange rate explained more by foreign innovations than by domestic fundamentally, a situation of falling Sudanese exchange rate while the domestic fundamentals are sound could be expected.

The main findings and results of the study conclude with the fact that the sustained real devaluations of the Sudanese Pound have been associated with persistent high inflation and contraction in economic activity.

The superior recommendation of the study is that the authorities have to adopt appropriate policies to overcome the problems of internal imbalances (budget deficits) and external imbalances (balance of payments deficits).

ملخص الدراسة

السودان كمعظم دول العالم الثالث يوصف بعدم إستقرار السياسات الإقتصادية وهذا يرجع إلى خلل البنية التحتية وعدم كفاءة إستغلال الموارد المتاحة. هذه الظروف إنعكست في السياسة النقدية كواحدة من أدوات الإقتصاد الكلي.

الدراسة تختبر سياسات سعر الصرف في السودان من خلال النموذج الذي يتناول العوامل الخارجية والداخلية للإقتصاد الكلي لتحديد تأثير كل منها على سعر الصرف حتى يتمكن الباحث من إيجاد السياسة المناسبة التي يمكن أن تتبعها السلطات.

إتبعت الدراسة الطرق الإحصائية الحديثة لبناء نموذج مبسط لإيجاد وتحديد السياسة الأنسب لسعر الصرف في السودان.

ومن أهم فرضيات الدراسة أن أهم الأسباب التي أدت إلى تذبذب سعر الصرف في السودان ، عدم إستقرار السياسات النقدية والعجز المستمر في ميزان المدفوعات بالإضافة إلى إرتفاع معدل التضخم في التسعينات.

ومن النتائج التي توصلت إليها الدراسة أن تخفيض قيمة الجنيه السوداني مقرون بالإرتفاع المستمر في معدل التضخم وتقلص النشاط الإقتصادي. ووضع الباحث عدة توصيات من أهمها ضرورة تطبيق السياسات المناسبة للتغلب على الخلل الداخلي (عجز الموازنة) والخلل الخارجي (عجز ميزان المدفوعات).

